



**Cape Peninsula
University of Technology**

**THE USE OF MARKET INTELLIGENCE TO IMPROVE MARKET PERFORMANCE OF
RETAIL SMMEs IN CAPE TOWN**

By

YVETTE MANDA ANYONGODI

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Supervisor: Dr DP Onojaefe

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ABSTRACT

The understanding of consumer's needs and competitor's activities, strategies and techniques is useful for the identification of marketing opportunities – aspects of market performance determination. But with growing consumer demand for improved product quality and increased competition, the use of market intelligence to understand needs, activities and strategies of consumers and competitors is needful for SMMEs. **Objective:** This study presents argument for the use of market intelligence to determine market performance through the understanding of needs, activities and strategies of consumers and competitors. **Prior Work:** Previous studies provided evidence that the marketing environment is both complex and dynamic with challenges and opportunities – supports the use of market intelligence and its positive impact on business performance. **Methodology:** This study adopted a positivist paradigm and utilised survey method to collect quantitative data from 30 purposive randomly selected respondents from retail SMMEs in Cape Town central district. Data analysis was done using descriptive and inferential statistics. **Results:** The study found lack of understanding of market intelligence benefits amongst respondents with limited use to improve performance. **Implications:** The market performance and the understanding of market dynamics and complexities would be improved with training and development of retail SMME owners and managers in the use of market intelligence. **Value:** The understanding of SMMEs ability to use market intelligence is important for policy and strategic intervention to support and promote SMMEs development initiative and programme for success, economic growth and job creation.

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DEDICATION

I dedicate this study to my husband Samuel Tabot Enow. May God bless you exceedingly for being a father to me, for all your love and care and especially for sponsoring my studies all these years.

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CHAPTER ONE

Introduction

The understanding of consumer's needs and competitor's activities, strategies and techniques are useful for the identification of marketing opportunities – aspects of market performance determinant (Igbaekemen, 2014). Every organisation basically aims to be in business for many years therefore a constant improvement in the organisations performance will determine its long term survival especially in the area of growth and profitability (Antoncic & Hisrich, 2000). Market intelligence as a data-driven business approach facilitates the understanding of consumer needs (that are always changing), competitors and other factors in the business environment. By so doing, it assists businesses in taking advantage of new opportunities, maintain current customer databases, appeal to new customers and increase revenue for the organisation.

Market intelligence is an on-going process involving the persistent search and analysis of data from both the micro and macro environment of a business (Blenkhorn & Fleisher, 2005). When this data is analysed, it has the capacity to effect major changes in the organisation through sound decisions. The real effect of a business decision can be measured by looking at how well or not the said business has performed within a given period based on the decision made.

In today's volatile business environment, it is imperative that every business organisation regardless of size engage in the search and acquisition of meaningful and reliable information which should form the basis of sound strategic decisions. Market intelligence has long been recognized as a tool in the hands of managers to help enhance competitiveness (Du Toit, 2003: 113) however most developing economies including South Africa, have not fully exploited the use of market intelligence yet to this end (Sewdass & Du Toit, 2015). According to Canongia (2006) market intelligence even though very useful, is a growing challenge especially for developing countries.

1. RATIONALE OF RESEARCH

1.1 Background to the research

Intelligence has always been a major asset for every businesses in any given period but much more in recent times. In the current volatile business environment, it is imperative that every business organisation regardless of size engages in the search and acquisition of meaningful and reliable information which forms the basis of sound strategic decisions. Market intelligence has long been recognized as a tool in the hands of managers to help enhance competitiveness (Du Toit, 2003: 113) however, most developing economies including South Africa, have not fully exploited the use of market intelligence to enhance competitiveness yet (Sewdass & Du Toit, 2015). According to Canongia (2006) market intelligence even though very useful, is a growing challenge especially for developing countries. Businesses used to be concerned only about other businesses that traded in the same commodities as they did, but not anymore as competitors have arisen from highly unsuspecting businesses like the case of smart phone producing companies like apple and camera producing companies like Kodak. Managers, therefore, need to actively seek vital and relevant information that can help their businesses compete effectively and survive in the highly turbulent, complex and ever changing external market environment. (Igbaekemen, 2014).

The business milieu in South Africa just like many other emerging economies is characterised by uncertainty but more so, very complex because of its unique history and diversity (Huster, 2005) .Post- 1994, South Africa has remained continually faced with a plethora of challenges, one of which is to effectively integrate into the worldwide economy while maintaining its main objective of economic growth, reduction in unemployment and poverty. Despite the sound economic policies put in place by the government, (Berry, Blottnitz, Cassim, Kesper, Rajaratnam & Seventer, 2002), it is still an ongoing challenge to increase economic activities in the country through the promotion of SMMEs. This is why since 1996, the South African government has identified and actively promoted SMMEs to complement the macroeconomic policies and address the challenges particularly relating to employment generation and economic growth (Enow & Brijlal, 2014). Mgonyane and Ladzani (2011), acknowledge the aforementioned when highlighted that the concept of SMMEs was implanted in an attempt to improve the economic outlook and structural transformation. This is particularly true because a bulk of the work force in South Africa can

only offer unskilled labour which SMMEs can absorb reducing the wealth disparity gap (Ndabeni, 2004). Also, SMMEs can alleviate poverty by offering experience to the labourers with limited skills thereby promoting entrepreneurship and innovation (South Africa, 2003).

Notwithstanding the efforts made by the South African Government to promote SMMEs as the main source of economic development and sustainability, the SMME failure rate in South Africa is among the highest in the world (Sha, 2006). According to Fatoki (2011), averagely 75% of most SMMEs become unsuccessful in the first 3 years after their set up. Prior research in other countries (Venture & Tustin, 2009; Wright & Calof, 2006; Ross, McGowan & Styger, 2012 ;) have partly attributed the high failure rate of SMMEs to a lack of effective use of market intelligence. This is as a result of the inadequate use of intelligence by SMMEs. According to Ross, McGowan and Styger (2012), there is a gap between the understanding and the use of market intelligence and its applications to gain a competitive advantage in most SMMEs.

Considering the relevance of market intelligence and also the significance of SMMEs to the South African economy it becomes important therefore to investigate the practice or utilization of market intelligence by FMCG retail SMMEs in Cape Town.

1.2. Statement of the research problem

The use of market intelligence to improve SMMEs business performance is important for success and growth. With growing competitiveness and increased consumer appetite for quality products and services. It was important to understand the extent to which market intelligence was used for business decision in SMMEs. Businesses particularly SMMEs need to constantly search for new information through a better understanding of the competitive environment (Hesford, 2008). This study places greater emphasis on SMMEs business performance – within the context of economic growth and job creation in South Africa.

1.3. Objectives of the research

The key objective of the study was to investigate the market intelligence practices used in retail SMMEs in Cape Town.

1.3.1. Sub-objectives

- To understand the extent to which market intelligence is used by SMMEs
- To identify the implementation process of market intelligence
- To establish how the usage of market intelligence improves performance

1.4. Main research question

How do FMCG retail SMMEs in Cape Town use the information gathered from market intelligence to improve business performance?

1.4.1. Sub-questions

The sub-questions below will be investigated in this study;

- To what extent is market intelligence used by SMMEs?
- How do SMMEs implement market intelligence?
- How has SMME performance been affected by market intelligence usage?

1.5. Research design, Epistemology and Methodology.

The research design is said to be a plan for the research Babbie and Mouton (2008). According to Welman, Kruger and Mitchell (2009), a research design serves as the basis on which the participants and the data collection tool for the research are chosen.

For this study, a descriptive research design was deemed appropriate because according to Cooper and Schindler (2011), descriptive studies provide answers to questions such as, who, why, what, when and how. Moreover, a descriptive design is also used to investigate and make judgments on a phenomenon to develop theories. A descriptive research design was used to obtain a picture of FMCG owner/mangers opinions on market intelligence to understand how to improve the standards.

According to Bryman, Bell, Hirschsohn, Dos santos, Du Toit, Masenge, Nan Aardt, & Wagner (2014), epistemology is concerned with what can be considered as suitable knowledge in a discipline. There are different research paradigms a researcher can adopt, namely; realism, interpretivism or positivism. From the three listed above, this research has adopted a positivist epistemology.

Positivists assume that a social reality can be objectively measured and empirically explained with analysis (Druckman, 2005). The researcher takes the position of an objective analyst, drawing conclusions from data that is detached from the researcher's opinion. The reason for which this epistemological stance has been adopted is first because this study relies on quantitative data which allows for a more objective stance.

With positivism as the epistemological position adopted, a quantitative research approach was the most appropriate method to be used in obtaining and analysing the data. According to Bryman et. al. (2014), quantitative research can be described as an approach that allows for numerical data collection and analysis. Since the aim of the study was to determine how the use of market intelligence could improve the performance of SMMEs, quantitative data was needed to indicate the percentage of participants who adopted, used and benefited from market intelligence and those who did not.

1.5.1. Research population and sample

The population for the study was FMCG retail SMMEs located in Cape Town central district. The study used a purposive random sampling technique to distribute 30 questionnaires amongst these SMMEs. This sampling method was selected because it was easily accessible to the researcher.

1.5.2. Data collection, analysis and interpretation.

A questionnaire survey was used to collect the primary data from respondents. This data collection instrument was chosen because it is efficient when a significant volume of information is to be collected within a short period of time. Questionnaires are also one of the most quantitatively appropriate methods to collect data. The method of data collection

just like all others has its shortfalls which were managed carefully. Copies of the questionnaire were delivered by hand to ensure their completion then collected from the respondents immediately after completion. The collected data was used to conduct a useful quantitative statistical analysis using Statistical Packages for Social Science (SPSS). The quantitative analysis investigates the cause (marketing dynamics) and effect (information/knowledge) of a phenomenon (market/marketing).

1.6. Delineation of Research

This study which seeks to understand how SMMEs used market intelligence to improve performance was focused on SMMEs in the FMCG retail sector within the cape business district. This is because it is not possible to sample all SMMEs in the different sectors. Data was only collected from owners or managers as they are the key decision makers as well as those with detailed knowledge about all other departments in the business.

1.7. Significance of the research

This study is of significant importance to SMMEs. The findings provide valuable insight into how SMMEs can effectively scan the environment for helpful and useful information and how this intelligence gathered can be used to improve market performance. The research findings are also important to academics who may adapt to do more research on the subject.

1.8. Ethical consideration

Due to the nature of the research, approval from the Cape Peninsula University of Technology Ethics committee was required before the data could be collected. Before collecting the data, participants were required to reveal any unpleasant personal attitude to protect the respondents from potential harm. When the participants were first approached, the purpose and the aim of the study was explained so that there could be an understanding of what was required. The participants were also required to sign an informed consent form. This form contained issues of confidentiality, anonymity, and voluntary participation. Only participants who accept to take part in the research were allowed to participate hence, voluntary Participation. Lastly, respondents were informed that any information that was provided was to be kept confidential.

1.9. Summary

Most SMMEs in South Africa fail just after a few years of operation. This failure rate had been attributed to many different factors however one major contributor has been due to lack of proper market intelligence practices. This research, therefore, investigates the market intelligence practices of retail SMMEs and explains how businesses (especially in the retail sector) can benefit from market intelligence through improved market performance. To achieve this, 30 SMMEs located in the Cape Town central district were selected using the purposive random method to participate in the research. Since the research is quantitative, a questionnaire survey was administered to collect the primary data which was analysed using Statistical Packages for Social Science (SPSS). During the data collection process, the purpose and aim of the research was explained and participants were required to sign an informed consent form which included issues of confidentiality anonymity and voluntary participation before data could be collected.

The results of the study makes a significant contribution to the existing body of literature on market intelligence being the first to be carried out in the Cape Town FMCG retail sector and has also pointed out the role of market intelligence in the survival and long-term growth of SMMEs thereby tackling one of the main challenges facing SMMEs in South Africa.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction.

This chapter aims to review the prior literature on market intelligence. By so doing, the chapter identifies the different types of marketing information, the variables that underline market intelligence and the significant gaps in the current literature. Section 2.2 begins with the definition of SMME, followed by section 2.3 which highlights the importance of SMMEs to the South African economy. In section 2.4, a background on market intelligence is discussed moving on to the definition of market intelligence in section 2.4.1.

Subsequently, in section 2.4.2, 2.4.3 and 2.4.4 the sources of market intelligence, the importance of market intelligence and some challenges encountered with the practice of market intelligence are discussed respectively.

This is then followed by a discussion of business performance in section 2.5. Hereafter, profitability, market share and sales are discussed in sections 2.5.1, 2.5.2 and 2.5.3 as variables considered in the research to measure performance. The next section (2.6) reviews prior studies on market intelligence while Section 2.7 gives the summary and conclusion of the chapter.

2.2. Definition of SMMEs

In the national and international context, the meaning of an SMME differs from one sector to another. This is due to the variation in the number of employees, asset and turnover among these entities (Monks, 2010:9). In Australia for example, Small and Micro Enterprises (thereafter SME) have less than 100 employees in the manufacturing sector and less than 20 employees in the service sector (OECD, 1997). In the United Kingdom, Small businesses have less than 50 employees, as compared to medium size enterprises which have less than 250 employees. In the United States, SMEs in the manufacturing and mining sectors have at most 500 employees as compared to 100 in the retail sector (Size Standards Office 2002:01)

In South Africa, the National small business act No. 102 of 1996 amended by the National small business amendment act of 2003 and 2004, provides the most comprehensive

definition of an SMME. It defines a small business as “a separate and distinct business entity, including its branches or subsidiaries, managed by one or more owners predominantly carried on in any sector or sub-sector of the economy”. Table 2.1 below portrays a generic classification of SMMEs by the national small business act.

Table 2. 1 SMME classification

Class of enterprise.	Total Number of employees	Total Annual turnover	Gross asset value (except fixed property).
Medium	Less than 100 or 200 depending on the industry	Liabie to specific industry, less than R4 000 000 or R50 000 000	Liabie to the industry below R2 000 000 or R18 000 000
small	Depending on the industry less than 50	liabie to the industry, below R2 000 000 or 25 000 000	Liabie to the industry less than R2 000 000 or R4.5 000 000
Micro	Below 5	Less than R150000	Below R100000

SOURCE: National small business act amendment No. 26 of 2003.

2.3. Importance of SMMEs to the South African Economy

Prior research conducted in South Africa, as well as in many countries has shown that SMMEs are a major contributor and driver of economic growth. In the United States, SMMEs account for over 70% of all employment (Size Standards Office 2012:01). In the United Kingdom, SMMEs accounts for 70% of high Tech businesses and accounts for 50% of the GDP. In Canada, SMMEs constitutes 54% of non-agricultural GDP (OECD, 2013).

In South Africa, SMMEs account for 57% of the South African yearly GDP (Enow, 2015).

This implies that SMMEs contribute more than half of the total GDP in South Africa. The South African government is convinced that creating an environment where SMMEs will flourish can greatly enhance the GDP output of these entities. Below is a table of the sectorial distribution of SMMEs

Table 2.2.contribution of SMMEs towards GDP as compared to large enterprises in South Africa

Sector	SMMEs	Larger Enterprise s	Total
Manufacturing	31%	69%	100%
Agriculture	67%	33%	100%
Transport	15%	56%	71%
Construction	56%	24%	80%
Mining	3%	97%	100%
Trade	65%	35%	100%

Source: Ntsika, 2002

- Considering the skill intensive nature of most large enterprises, there is currently a large percentage of the population that has remained unemployed due to a lack of required skills. Since the government is unable to absorb this large number of unemployed people, it has now turned its focus on SMMEs due to their ability to create jobs and contribute towards economic growth over time. A significant percentage of employment (61% of the employed workforce) was accounted for by SMMEs as of 2010 (Abor & Quatey, 2010). By dealing with the problem of unemployment, SMMEs indirectly tackle certain social vices such as petite crime, prostitution, drug abuse and suicide among young people (Berry et al., 2002).

Table 2. 3. Contribution of SMMEs towards employment in South Africa by Business size

Sector	Small Enterprises	Medium Enterprises	Large Enterprises
Manufacturing	17%	25%	58%
Construction	39%	24%	37%
Mining	2%	3%	95%
Agriculture	56%	19%	25%
Transport	12%	3%	85%
Trade	50%	14%	36%

Source: Ntsika, 2002

- According to Nenzhelele (2012), SMMEs provide an avenue through which new entrepreneurs can enter the market without having to raise much capital considering that the start-up capital and required resources for SMMEs are much lower than large enterprises. Besides, SMMEs also provide a platform for these new entrepreneurs to acquire important business skills.
- SMMEs play an important role in the supply chain. They act as a good distribution channel through which large businesses can reach certain local consumers without being present in such locations.
- Finally, SMMEs fill in the gap created by larger corporations in the market. These gaps are spotted by entrepreneurs who start up small enterprises to take advantage of the business opportunities created by these larger organisation.

Despite the importance and relevance of SMMEs to the South African economy and the efforts made by the South African Government to help them, these entities have one of the highest number of failures in the world. Approximately 60% to 70% of SMMEs in South Africa stop operating just after three years of start-up (Fatoki, 2011). Prior research in South Africa and other countries (Nenzhelele, 2012: Ross, McGowan, & Styger 2012) have partly attributed this high failure rate to a lack of information which is supposed to assist business owners to make strategic decisions concerning their businesses. Such information will only come from the effective use of market intelligence. According to Calof and Wright (2008), an

effective market intelligence usage optimizes the business performance which is of relevance to SMMEs given their limited access to capital and other resources

2.4. Market Intelligence

Given how the business environment is always changing in terms of consumer needs and competitor strategies, it becomes imperative for every business organisation to be able to respond to these changes using relevant and specific market related information. It was interesting to discover from the literature, that market intelligence was often used interchangeably with other business data collection terms such as; competitive intelligence, market research, environmental scanning, and business intelligence.

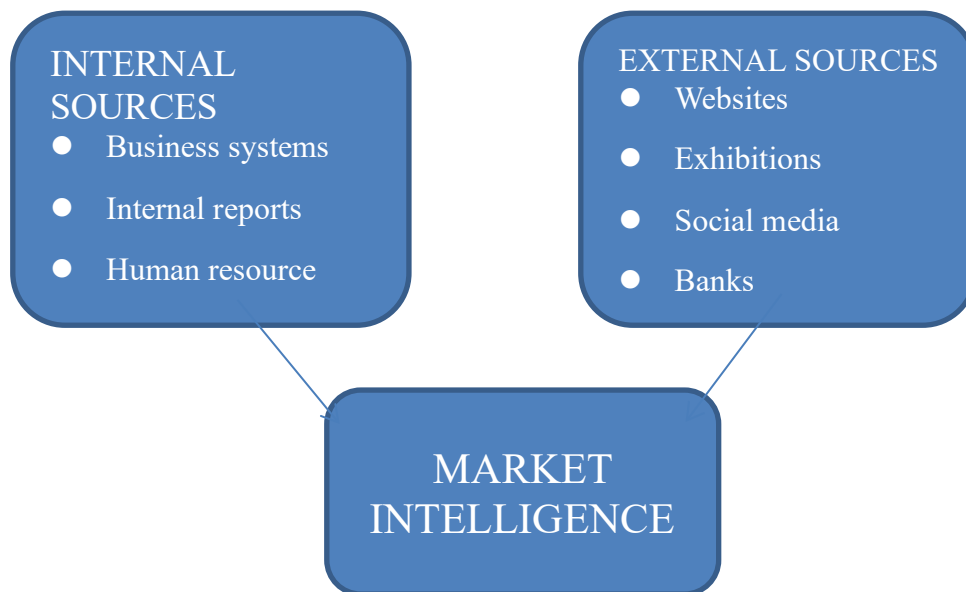
2.4.1. Definition of Market Intelligence

Market intelligence which also means competitive or business intelligence as per literature is the collection and analysis of timely and meaningful data that is both from within or without the business which is then refined into useful information. There has not been a generally accepted definition for market intelligence. Instead, there exist a number of definitions in literature with slight changes in wordings and emphasis. Wright, Eid, and Fleisher (2009), make use of the term competitive intelligence and they define it as the process of gathering information on the business environment for the purpose of decision making and planning with the aim of tailoring activities to improve enterprise performance. According to Calof and Wright (2008., p723) competitive intelligence which is the same as market intelligence is defined as the collection of information, internal, external and from competitors but also from customers, suppliers, technologies and potential business relations.”. This definition has been adopted for the sake of this research in particular because it fits well with the study and it is easy to understand.

2.4.2. Sources of market intelligence

The data used for market intelligence is usually from both internal and external sources. Below is a diagram to illustrate the sources of market intelligence.

Figure 1



Source: based on authors research

Internal sources of information refer to data that is collected from within the business and this can be sourced from employees, sales reports as well as other stakeholders of the business.

External sources of information, on the other hand, are usually gotten from the external environment of the business that may have a direct or an unforeseen impact on the business. Sources of such information are; the internet, competitors, government, publications and manufacturers just to name a few.

2.4.3. Benefits of using market intelligence

It helps an organisation monitor the performance of their products closely and make adjustments where needed (Igbaekemen, 2014). Information obtained concerning how products are performing in comparison to the products of competitors would help the organisation decide on what changes to make to the product or the marketing effort to increase its sales performance.

- Relevant market intelligence information helps managers in making management decisions under all kinds of circumstances such as certainty, uncertainty and risk this is because it provides an organisation with a decision support system. Sewdass and DuToit (2015) agree with this benefit of market intelligence by making mention of the fact that market intelligence will help a company achieve its business goals through improved decision making.
- According to Venter and Rensburg (2014), a business can use market intelligence to identify possible opportunities for profitable growth which is coherent with one of the benefits put forth by Ross, McGowan & Styger (2012).
- Market intelligence also empowers a business to react faster to changes in the business environment Ross, McGowan and Styger (2012) it is easier for an organization that has been practicing market intelligence to be proactive as it will be able to sense changes in market trends and then decide on what to do about them before they become disruptive.

2.4.4. Challenges when using Market Intelligence

Even though market intelligence offers many benefits, it is not without shortcomings. The availability of too much information may be one of the biggest challenges that businesses face with regards to market intelligence. It becomes very difficult to actually glean what is timely and necessary from the lot.

Another is the fact that some business owners consider market intelligence to be cooperate espionage because of a lack of education in the field and therefore refuse to practice it.

Apart from the above, Muller (2007) cited the following challenges to the usage of market

intelligence.

- Budgetary and resource constraints: some businesses do not want to invest in market intelligence systems because they are not able to afford it
- Return on investment: it has been difficult to provide compelling evidence to prove that there is an obvious return when businesses invest in market intelligence.
- Lack of training: most business employees are not trained to use market intelligence systems and this is a major challenge.

Hesford (2008) also supports all of the above challenges for market intelligence. Business organizations need to find a way to overcome the challenges of market intelligence so that the benefits can be fully optimized.

2.5. Business Performance

The business performance concept has been defined with different views by different authors such as; Porter (1986) who defines performance simply as the firms' ability to create value for its clients. It is not clear from this definition however the kind of value referred to. With more specificity, Niculescu & Lavalette (1999) refer to performance as the level of competitiveness a firm attains through efficiency and productivity which accounts for its viable presence in the marketplace. Performance has also been defined According to Verboncu & Zalman (2005), as a precise outcome in a business characterized by the efficiency, effectiveness and competitiveness of the firm. Effectiveness measures the accomplishment of external expectations while efficiency indicates satisfaction with internal expectations. Siminica (2008).

For this study, however, the definition by Lebars and Euske (2006) will be used because it fits well with the aspects of performance investigated in this study. They define performance to be a group of monetary and non-monetary indicators that tells on the degree of attainment of goals and results.

Several studies have been carried out to investigate the impact of market intelligence on the performance of businesses. One of such studies was carried out by Adidam, Baneijee and Shukla (2012) on emerging markets in India. They found out that firms with higher market intelligence activities do better financially. Another study to investigate the market

intelligence practices in relation to the performance of firms listed on the Nairobi Securities Exchange in Kenya was conducted by Waithaka (2016). The findings revealed that market intelligence practices have a positive and substantial outcome on non-monitory aspects of performance such as customer gratification and the attainment of set goals while on the financial aspects such as return on equity and assets of the said firms, market intelligence had a positive but an inconsequential impact. In Nigeria, Nzewi, Chiekezie and Anizoba (2016) researched on competitive intelligence and the performance of aluminium manufacturing firms in Anambra state. Their findings revealed that competitor pricing has a significant positive effect on the retention of customers. Apart from the studies above, Aramide, and Adebisi (2018) and Gatibu and Kalika (2017) also studied market intelligence in relation to performance and both studies also found out that market intelligence plays an important role in aiding the performance of firms. Profitability, market share and sales volume are the indicators of performance that will be focused on in this research as these are basic targets that every business seeks to meet.

2.5.1. Profitability

According to Jennings and Beaver (1997), the most generally adopted meaning of success for a business is its financial growth, with adequate profits. This substantiates profitability as a major indicator and an adequate measure of business performance.

Finally, According to Helfert (1991), profitability can be defined as the effectiveness with which all the assets of a business have been used in the generation of profit. In other words, it is the return on investment realized by a business. There are 2 major ways by which a business can determine its profit margin. They are; the net profit margin and the operating profit margin.

An increase in the profit margin will mean that the business is making wise investments and other operating decisions.

2.5.2. Market share

According to Cooper and Nakanishi, (2010), market share refers to the portion of the total customers desiring and able to purchase a firm's product/service or brand. That is the group of clients and potential clients who consume the goods/services of a business. In most

cases, market share means the actual sale of a product/service within a certain period and at a particular place.

The growth in market share is a good indicator of business performance because an increase in market share indicates that the business is making sales to more costumers of its products hence an increase in profit. On the other hand, a decrease in market share could mean the business is losing costumers which imply poor performance.

2.5.3. Sales

Sales growth is also an important indicator of how well a business is performing. Sales refer broadly to all related marketing activities (marketing, promotion, advertising) involved in getting the product to the final consumer. Most of a business's income is derived from sales, this means that general growth in sales may indicate that a business is performing well.

2.6. Review of previous literature

Interestingly as mentioned above, the literature on market intelligence reveals that there are many different terminologies used to refer to the term. These terminologies have the same meaning as market intelligence and sometimes have been used interchangeably. Some of them are; Competitive intelligence, data mining, business intelligence and environmental scanning.

A study was conducted by Ross, McGowan, & Styger (2012) on a comparison between the existing theory of market intelligence gathering and what was being done practically by small and micro businesses (SMEs) in Australia. The findings revealed that, whereas there was a sort of planned approach to market intelligence gathering based on technology, most SMEs did not have any formal processes through which they collect information. Also, it was revealed that most SMEs were reactive to information gathering, that is, they were usually prompted to collect information only after being triggered by a crisis. This unintentional manner of gathering intelligence does not help an organization to utilize such information when making key business decisions. Even though the study is very important to the general body of literature, it does not portray in any way how market intelligence can help businesses improve their general performance.

Another study was carried out by Venter and Rensburg (2014) to find out the relationship that existed between market intelligence and strategic marketing. A quantitative survey was used to collect data from a total of 166 South African firms. The marketing decision makers of formal South African Organizations with more than 100 employees were targeted in this survey. The findings revealed that there is a wide gap between the availability of market intelligence tools and the importance of using them. In other words market intelligence was of great value as it supported marketing decision making. While this study is very informative and relevant, it focuses only on the relationship between market intelligence and strategic marketing without demonstrating if this positive relationship helps businesses perform better. The research also concentrates however only on large and formal Organizations in South Africa and does not take SMMEs into consideration.

In a similar study, Sewdass and Du Toit (2015) carried out a comparative report on competitive intelligence activities in South Africa and Brazil using a questionnaire survey from 11 different industries in South Africa and Brazil. Sewdass and Du Toit (2015) found out that a limited number of Organisations in both countries recognized the importance of having a competitive intelligence unit. They also realized that the competitive intelligence function in South Africa was more mature and advanced as opposed to the same function in Brazil. The study has been able to shed light on the competitive intelligence/market intelligence discipline to a great extent, portraying that it is a known discipline in South Africa however, the research was not able to provide any details as to how the intelligence gathered is being put to use or how it affects the performance of businesses. Also, the research was carried out on a larger industry scale and its findings will not apply to SMMEs.

It is with this research groundwork in mind that this study will attempt to fill the gap identified which is to reveal how retail SMMEs (particularly in Cape Town) can use market intelligence to better their market performance.

2.7. Summary and conclusion.

The main focus of chapter 2 was on the review of prior literature on market intelligence and how it affects performance. The chapter began with a definition of SMMEs, and moved on to outline the importance of SMMEs to the South African economy such as the ability to create jobs and absorb a good number of unskilled labourers in the country. Hereafter the concept of market intelligence was also defined and the two major sources of market intelligence discussed which are; sources internal to the business such as internal reports and sources external to the business such as social media. In addition to that, the benefits and challenges of market intelligence were also discussed. A typical challenge mentioned in the literature was the lack of training in dealing with market intelligence. The concept of the business performance was also looked at and profitability, market share and sales were all discussed as the main dimensions of performance focused on in the study.

Lastly, previous studies on market intelligence were reviewed. Remarkably, many different terminologies such as competitive intelligence, business intelligence and a few others were often used interchangeably with the word market intelligence with almost the same definitions. Findings from previous studies also pointed to the fact that market intelligence was being used by many large organisations. Therefore even though many studies had been carried out on market intelligence nothing had been done so far in the FMCG retail sector in Cape Town. This study has been carried out to fill the existing gap in the literature to help SMMEs reap the benefits of using market intelligence.

The next chapter on the research methodology discusses the research design and the instrument applied for collection of data needed as well as how the data was analysed.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter is to outline the research blueprint, data collection and analysis that was utilised to address the following objectives highlighted in chapter 1;

1. To establish the extent to which market intelligence is used by SMMEs
2. To identify the implementation process of market intelligence
3. To establish how the usage of market intelligence improves business performance.

To address the research objectives mentioned above, the research design used will first be discoursed in section 3.2. Following, will be a discussion of the epistemology adopted in section 3.3. Right after this, the population and sample, the data collection instrument (the questionnaire survey) are discussed in section 3.4. The next section which is 3.5 explains why the questionnaire survey was chosen. Section 3.6 contains information on data analysis while section 3.7, 3.8 and 3.9 deals with the limitations of the questionnaire, the validity and reliability regarding the data collection instrument and the ethical considerations of the research instrument respectively. Finally, section 3.10 is a summary of what the entire chapter contains.

3.2. Research design

Babbie and Mouton (2008) underline the importance of having an appropriate research design. According to Welman, Kruger and Mitchell (2009), a research design serves as the basis on which the participants and the data collection tool for the research are chosen. For this study, a descriptive research design was deemed appropriate as it is exploratory. According to Cooper and Schindler (2011), descriptive studies provide answers to questions such as, who, why, what, when and how. Moreover, a descriptive design is also used to investigate and make judgments on a phenomenon and to develop theories. For this study, a descriptive research was used to obtain a picture of FMCG owner/mangers opinions on market intelligence with the aim of improving the standards.

3.3. Epistemology

As per research done by Bryman, Bell, Hirschsohn, Dos santos, Du Toit, Masenge, Nan Aardt, & Wagner (2014), epistemology is concerned with what can be considered as suitable knowledge in a discipline. From the different epistemological paradigms a research can adopt namely; realism, interpretivism or positivism. This research has adopted a positivist epistemology.

Realism: According to Saunders, Lewis & Thornhill (2003), realism assumes that a social reality can exist independent of human thoughts and beliefs. Realism however shares some aspects with positivism; the fact that the researcher is separate from the social reality under study and the fact that the same method should be used to collect and analyse data for both natural and social sciences.

Interpretivism: with the interpretivism paradigm, there are two important aspects that should be noted. It is believed firstly that the social science is fundamentally different from the natural sciences and therefore different approaches should be used in studying their subject matter and also that peoples actions and their social world should be studied from their point of view (Bryman *et al.*, 2014).

Positivists assume that a social reality can be objectively measured and empirically explained with analysis Druckman (2005). The researcher takes the position of an objective analyst, concluding that the result from data analysis is detached from the researcher's opinion.

From the three paradigms explained above, this research adopted the positivist research paradigm. The reason for which this epistemological stance has been adopted is first because this study relies on quantitative data which allows for a more objective stance.

With positivism as the epistemological position adopted, a quantitative research approach was the most appropriate method to be used in obtaining and analysing the data. According to Bryman *et. al.* (2014), quantitative research can be described as an approach that allows for numerical data collection and analysis. Since the study aimed to determine how using market intelligence could improve the performance of SMMEs quantitative data was needed

to indicate the percentage of participants who adopted, used and benefited from market intelligence and those who did not.

3.4. Population and sample

The population targeted for this study includes all retail SMMEs in the FMCG sector located in the Cape Metropole. Some of the SMMEs in this category includes but not limited to, appliance and electronics stores, general supermarkets, home and office furniture, convenience stores, clothing and apparel stores and hardware. Considering that there is no record of all the FMCG retail SMMEs operating in the Cape Metropole, a sample of 30 SMMEs was selected. Only owners/managers were required to complete the questionnaires as they are the principal decision makers and implementers in these businesses. Also, the owner and managers were selected because they are expected to be familiar with their market intelligence practices. A Purposive *random* sampling technique was used in selecting these 30 SMMEs. This sampling method was selected because it advocated for selecting a sample from a population that is easily accessible to the researcher (Bryman *et al.* 2014). Random sampling is also a less expensive when compared to other sampling techniques and has very few rules as to how a sample should be selected.

3.5. Research instrument

The primary data needed for this research was collected with the help of a questionnaire. This data collection instrument was utilized mainly for the fact that it is cheaper to administer, quicker and more convenient for respondents to complete (Bryman *et al.*, 2014). It also allows for the use of large samples which means results can be dependable and reliable. With questionnaires, the respondents are not constrained but have enough time to give well thought out answers. The questionnaire comprised of four pages with the cover page stating the purpose of the research and addressing issues of confidentiality and anonymity. The subsequent pages began with general questions such as the period of time within which the business has been operating, how many people had the business employed, and the educational background of the participant. Subsequent questions on the questionnaire relate to the market intelligence activities of the business. The questionnaire has been carefully designed with mostly closed questions, clearly presented with just enough information, and avoiding all ambiguity to improve response rate.

3.5.1. Detailed questionnaire description.

The questionnaire used for this study consist of four pages including the cover page. The purpose of including the cover page was to assure the respondents that the information provided will be kept confidential and anonymous. To provide a natural focus of the participants, the first section of the questionnaire began with general questions and then progressed to specific questions. To encourage participants to participate in this study, questions that were perceived to be inappropriate were avoided. Also, easy “yes” or “No” and Likert scale questions were mostly used to minimise the time it took to complete the questionnaires. The questionnaire was comprised of three sections namely; **section 1, 2 and 3.** **Section 1** mainly explains the purpose of the survey. **Section 2** deals with the general information of the business and that of the respondent. **Section 3** covers specific questions on the way market intelligence has been used, how its usage has benefited the business or not.

3.5.1.1. Section 1: Purpose of the survey.

The first section of the questionnaire was drafted to explain the purpose of the study to the respondents. It also briefly explained the outcome of the study as well as assuring the respondent of absolute confidentiality. This this section aimed to give the respondents a good reason why they should take part in the survey and also help respondents have an understanding of the study.

3.5.1.2. Section 2: Organisational information.

This section covered general questions concerning the business like the number of employees, the form of business and how long it has been in operation. Apart from that, it also contained some general questions about the respondent such as level of education and position in the business bringing the total number of questions in this section to 5. This section was aimed at building a profile for both the business and the respondents to determine during analysis if the information provided influences with the result.

3.5.1.3. Section 3: Market Intelligence

The last part of the questionnaire which mainly addressed the data gathering activities of the business had a total of eight questions. Some of the questions required a **Yes** or **No** response while others had options that the respondent had to choose from by marking the chosen option with an **X**. Question seven is mainly made up of statements on a Likert scale to which the respondent needed to state to what level they agreed with the statements. A scale of **1 – 3** was provided with **1 being** disagree and **3 agree**. The questions in this section required that the respondent indicate if they conducted market research, the sources from which they derive information, how the information is used and what challenges are faced with regards to information gathering. The statements on the Likert scale in question seven are mostly based on how beneficial market research activities are to the business with regards to decision making, competition and financial performance. The questions in this section were drafted to address the third objective in the study which was establishing how the usage of market intelligence improved business performance.

3.6. Data Analysis

The data acquired during the research was analysed with the help of the statistical package for social science (SPSS) software. SPSS software program was chosen because it can be used to easily pin point data entry errors and easily generate descriptive and inferential statistics in the form of frequency table, mean, mode and median distributions, p-values and significant levels. Besides, SPSS can easily generate graphs and charts that are used in interpreting data.

3.6.1. Descriptive statistics and inferential statistics.

Descriptive statistics is normally used to provide simple summaries for a large amount of data. The most common measures are mean, mode, median, standard deviation and variance. Percentage and graphs which are a measure of descriptive statistics were utilised in the study to review the responses of participants. A chi-square test was also utilised to scan for any noteworthy differences between responses. A significance test assesses the relative strength of the null hypothesis and alternative hypothesis. In other words, if one variable is significantly different from the other at a particularly significant level (usually 0.05). A 5% significant levels mean that there is 5 out of 100 likelihood that a particular response will be rejected.

3.7. Limitations of the questionnaire

Just like every other research instrument, the questionnaire also has some limitations. Some of these limitations are outlined below.

The researcher has no control over the questionnaire once it has been sent to the respondent; therefore, questions that are not fully understood by the respondent may not be answered adequately as they cannot be verbally explained. To mitigate this limitation, it is very important to structure the questions such that they are void of ambiguity. Also, the researcher may choose to administer the questionnaire in person rather than email it to the respondents so that whatever is not understood can be explained. According to Bryman *et al* (2014), a major limitation for questionnaires is low response rates. Most mailed questionnaires are often not returned. This can affect the research outcome greatly. There is also the issue of not knowing if the questionnaire was completed by the appropriate respondent or just anyone. It is recommended in this instance that the researcher administers the questionnaire. There is also the issue of literacy when questionnaires are involved. There is a need for the respondent to be educated to understand how to complete the questionnaire. To overcome this limitation, the researcher can read the questions and help write the answer given by the respondent.

3.8. Validity and reliability

3.8.1. Validity of the research instrument.

According to Leedy and Ormrod (2005) validity determines the degree to which the data collection tool measures what it is intended to measure and if the resulting outcome is valid. There are several ways of establishing validity and they are; convergent validity, predictive validity, concurrent validity, face validity and construct validity Bryman *et al.* (2014). For this study, face validity is most relevant and will be discussed below.

3.8.1.1. Face validity.

With face validity, the data collection instrument should appear to measure the concept it is intended to Bryman *et al.* (2014). With regards to this research, face validity has been established by seeking the opinion of qualified experts in the research field, whose input has helped to shape the data collection tool.

3.8.2. Reliability of the research instrument

Reliability, as defined by Babbie (2007), is the quality of the measurement method; meaning that the research instrument is considered reliable if the outcomes of a particular study can be replicated with the same methodology. Joppe (2000) also defines reliability as, the possibility for research findings to be valid over time insisting that reliability can also be measured by the accuracy with which the population under study is represented.

Reliability of the research instrument has been established in this study through its examination, critical review and subsequent inputs from experienced and qualified researchers.

3.9. Ethical consideration.

First, an application for ethical clearance at the Cape Peninsula University of Technology was submitted and approval obtained before administering the questionnaire survey to participants. Before collecting any data, a consent form was presented to the participants where the purpose was explained. Still, on the consent form, Participants were reassured of anonymity specifically that any information collected, will be treated as confidential and will only be used for the study in question.

The questionnaire was only administered to participants who decide to participate voluntarily and were informed that they have the right to withdraw from the process freely at any time. They also have the right to seek clarifications by asking questions and may also not provide information for certain questions considered to be sensitive.

3.10. Chapter Summary

This chapter has been aimed at giving an outline of the methodology that will be used to obtain the data needed to achieve the objectives of this research. It began by explaining the research design which is descriptive and then moves on to the epistemological stance and what the research population and sample will be. Furthermore, the research instrument has been elaborately explained including how the data obtained through this instrument will be analysed with the help of the SPSS software. Like every other data collection instrument with limitations, the limitations of the questionnaire have also been outlined with possible

mitigation strategies put forward. Finally, the measures taken to ensure the validity and reliability of the research instrument have been put in place and the ethical considerations of the research fully outlined.

The methodology as explained above is best suited to obtain the outcome of this study. The chapter that follows, contains details of data analysis and the findings of the research with the objectives earlier stated.

CHAPTER 4: ANALYSIS OF THE RESEARCH RESULT

4.1. Introduction

As previously alluded, data was obtained with the help of a questionnaire survey to achieve the objectives of this research. This chapter aims to analyse and discuss the findings arrived at and to interpret its relevance to the research questions.

The chapter goes on to describe the organisational information in section 4.2 looking at different aspects such as number of employees, number of years in operation, the respondent's position in the business and their educational background. It proceeds in section 4.3 with a discussion of the findings regarding different aspects of market intelligence, how it has been used and the benefits of its usage in terms of performance to the business. This is followed by a discussion of findings regarding the challenges faced by SMMEs when carrying out market intelligence in section 4.5. The chapter ends with a summary of the findings and conclusion in section 4.6

4.2. Organisational information

The first section of the questionnaire; section A, was aimed at collecting background information on the SMMEs that took part in the survey. Questions that were considered under this section ranged from, form of business enterprise, number of employees, number

of years in operation, and the position of the respondent on behalf of the business as well as their level of education.

Table 4.1. Form of business

	Frequency	Percent
sole proprietor	5	16.7%
Partnership	7	23.3%
Company	17	56%
Total	30	100

Source: spss output

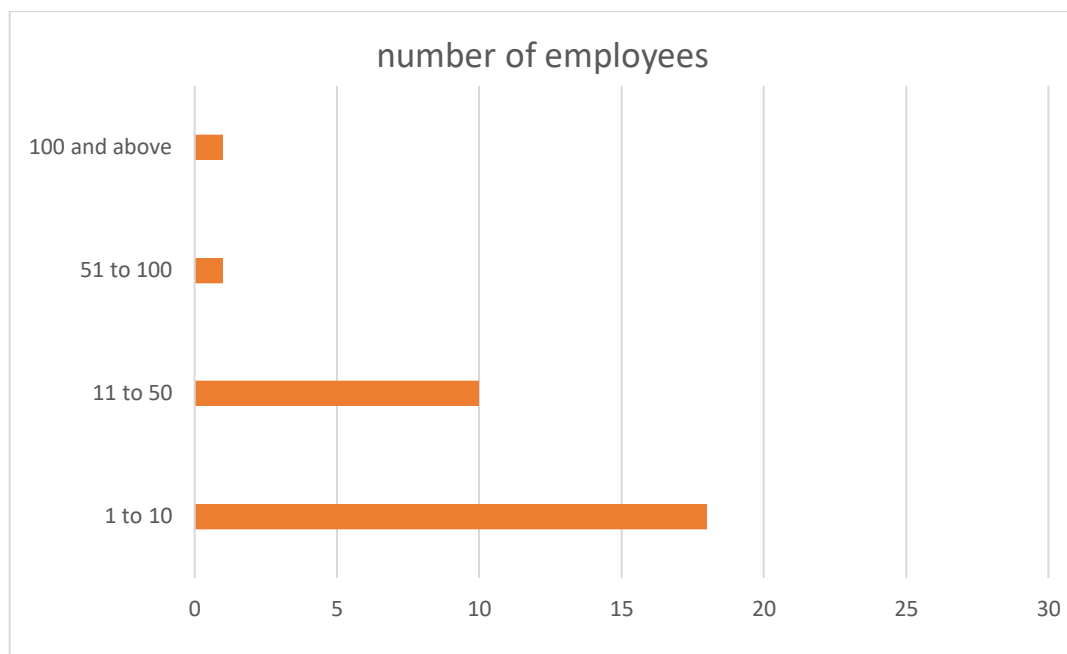
Question 2.1 was asked to determine the different forms of businesses that took part in the research. Three forms of business enterprises were listed on the questionnaire from which the participants had to choose; 1) sole proprietor 2) partnership 3) company. Out of the 30 businesses, 5 were registered as sole proprietors (16.7%), 7 as partnerships (23.3%) and 17 as companies (56%) as shown in table 1 above.

Table 4. 2. Number of employees

Employees	Frequency	Percent
1- 10	18	60%
11- 50	11	36.7%
51 - 100	1	3.3%
Total	30	100

Source: Authors research

Figure 4.1. Number of employees



Source: Author's research

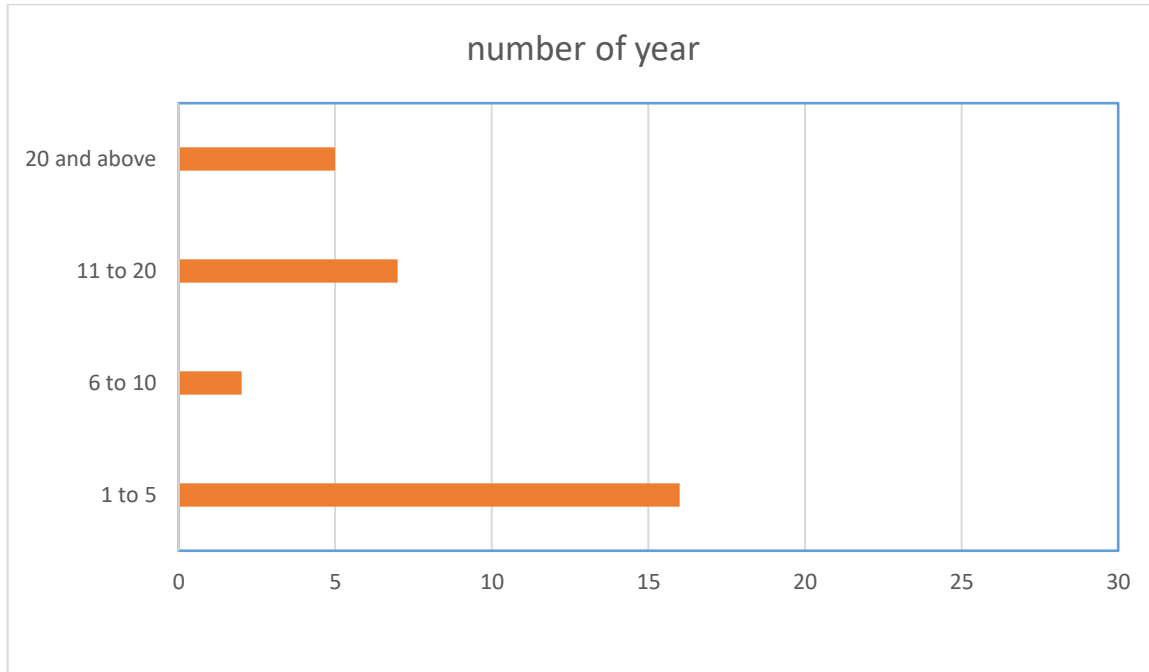
Question 2.2 was centred on the number of people each of the participating businesses had employed. The businesses were grouped into four categories. 18 businesses had between 1 – 10 employees, 10 of them employed between 11 – 50 employees, 1 business had between 51 – 100 employees and 1 other business had above 100 employees. The purpose of this question was to establish the size of the business enterprises and the results demonstrate that most of the respondents were small businesses as seen on the table and figure above.

Table 4. 3.Number of years in operation

	Frequency	Percent
1 – 5 years	16	53.3%
6 – 10 years	2	6.7%
11 and 20 years	7	23.3%
21 years or more	5	16.7%
Total	30	100

Source: Spss output

Figure: 4.2. Number of years in operation



Source: SPSS output

The table above illustrates the responses obtained from Question 2.3 which had to do with the number of years every participating business had been in operation. Here again the businesses were categorised into four different groups; 1 – 5 years, 6 – 10 years, 11 – 20 years and 20 years and above. From the responses, 53.3% of the participating businesses had an operating cycle between 1 to 5 years, 6.7% had an operating cycle between 6 to 10 years, while 23.3% and 16.7% had an operating cycle between 11 to 20 years and 20 years and above respectively as shown on table 4.3 and figure 4.2

Table 4. 4. Position in the business

	Frequency	Percent
owner	2	6.6%
manager	28	93.3%
Total	30	100%

Source: spss

Given the nature of the questions asked, only the owners or the managers of the participating businesses could respond on behalf of the business. This was because owner/managers

are mostly involved in the day to day running of the business and would have access to all important information regarding the business. Question 2.4 was therefore included determine the respondent's position in the business. As seen in Table 4.4 above, 6.6% of the respondents were owners while 93.3% of the respondents were managers.

Table 4. 5. Educational background

	Frequency	Percent
Matric	10	33.3%
Diploma	15	50%
Degree	4	13.3%
Masters	1	3.4%
Other	0	0
Total	30	100%

Source: spss output

Question 2.5 dealt with the educational level of the respondent based on certificates acquired. Five categories were listed from which the respondent had to choose. These categories were; matric, diploma, degree, masters and other (any not mentioned). From the data, 50% of the respondents had a diploma (15), 33.3% had acquired a matric certificate (10), 13.3% had a degree and only 3.4% had acquired a master's degree. This is illustrated in table 4.5 above. The outcome of this question strengthens the fact that a majority of the work force in South Africa can only offer unskilled labour as seen in the literature.

4.3. Market intelligence.

The questions asked in section 3 of the questionnaire were directly related to market intelligence. They were designed to investigate the extent to which the participating businesses were aware of market intelligence the degree to which it was used and to determine if the usage of market intelligence benefited them especially with regards to an improvement in their business' performance.

Table 4. 6. The use of Market Intelligence

Yes	No	N	Chi-square Value
80%	20%	30	0.002*

*significant differences ($p < 0.05$) at 95% confidence level

The aim of question 3.1 was to determine if the participants carried out market intelligence in their day to day activities. As seen in table 4.6 above, 80% of the respondents agreed that they carried out market research while 20% indicated that they did not. The results above show a significant difference between those who carried out market intelligence and those who did not (Chi-square value=0.002). This finding is coherent with that of Viviers *et al.* (2005) who indicated that competitive or market intelligence has had a sustained level of awareness within South African companies since 1999 and most businesses make use of it.

Table 4. 7. Sources of market intelligence

Sources	Percentage
Internet, newspapers, customers	43%
Suppliers, adverts,	30%
Consultants, colleagues, industry publications	27%

Source: Author

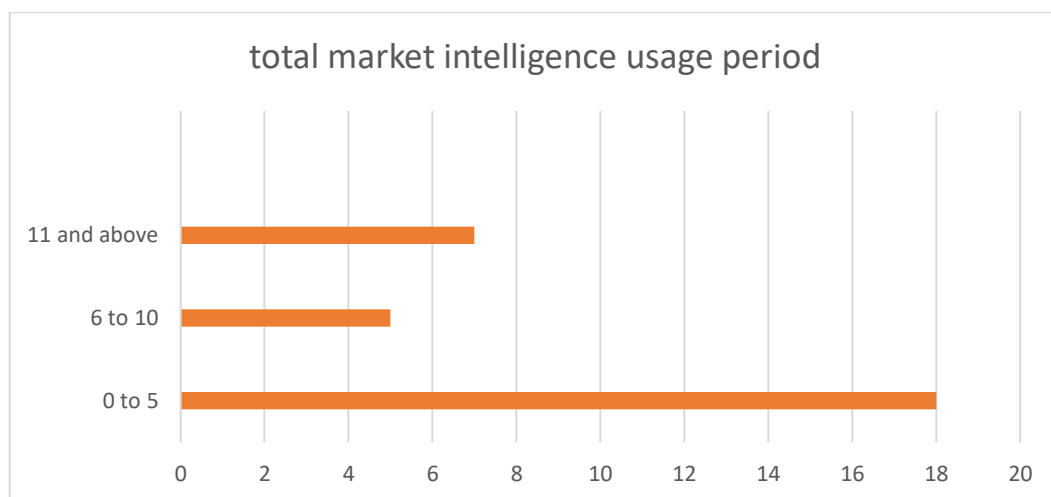
Question 3.2 was aimed at determining the sources from which information was derived when carrying out market intelligence. Out of the 24 respondents, 43% cited the internet, newspapers and customers as sources of market research information. 30% cited suppliers and adverts as sources and 27% said consultants, colleagues and industry publications were sources from which they obtained information during market intelligence. The study of Ozturk *et al.* (2012) also revealed the internet, newspapers and customers as the main sources of market intelligence.

Table 4. 8. Duration of market intelligence usage

	Frequency	Percent
0– 5 years	14	58%
6 – 10 years	4	17%
11 and above	6	25%
Total	24	100%

Source: spss

Figure 4.3. Market Intelligence usage period



Source: Author

Question 3.3 aimed at gathering information on how long the respondents had been doing market research as an organisation. From the data collected, 58% of the respondents had

been collecting and analysing market research information for, under 5 years, 17% indicated they had been involved with analysing market research information for under 10 years. Finally, 25% indicated that they had been carrying out market intelligence for 11 years and above as shown in table 4.8 and Figure 4.3 above.

Table 4. 9. Market intelligence report presentation.

Market intelligence presentation methods	Percentage Responded
Face-to-face meetings, reports and emails	70%
Daily flashes and briefs	20%
Presentation	10%

Source: author

The next question (3.4) centred on how the information obtained from market research was presented within the organisation. The table above illustrates that 70% of the respondents used face to face meetings, written reports and emails to present the information, 20% made use of daily flashes and briefs while 10% used a central database as well as presentations

Table 4. 10. Usage of market intelligence information

Area of information usage	Percentage responded
Advertising ,Promotion and Sales	53%
Decision making and determining market share	30%
SWOT analysis	17%

Source: excel output

The purpose of question 3.5 was to understand how the information derived through market intelligence was used in the organisation. 53% of the respondents mostly used the information for advertising as well as for promotion and sales purposes. Out of the 24 respondents, 30% indicated that they used market intelligence for decision making and market share determination, 17% of the respondents indicated that they made use of the

market intelligence information for SWOT (strength, weaknesses, opportunities and threats) analysis.

information shows that most SMMEs use market intelligence for short term purposes, meaning they may not have a full understanding of the benefits of market intelligence in terms of the quality it adds to decision making, how competitiveness can be sustained through SWOT analysis and how it is able to influence the performance of the business through the achievement of long and short term goals.

Table 4. 11. Contributions made by market intelligence

Yes	No	N	Chi-square Value
79%	21%	24	0.000*

*significant differences (*chi-square*<0.05) at 95% confidence level

The aim of question 3.6 was to ascertain if the respondents were able to determine the contributions market research adds to their businesses. This contribution ranges from minimising risk; help uncover potential problems and planning. Surprisingly, a significant percentage (*chi-square* value =0.000) of 79% indicated that they were able to identify the contributions market intelligence add to their businesses as shown in table 4.5 above. A smaller proportion, 21% of the respondents indicated that they were unable to determine market research contributions. From table 4.11 it can be concluded that these contributions are mostly sales related considering that 53% indicated that they use market research for advertising, promotion and sales. This findings concord with the findings of Iekhanya and Mason (2013) who believe that marketing intelligence is used mostly for promotions and urban entrepreneurship.

4.3.1. Factors that relate to information gathering, decision making and business performance

The last section (section C) aimed at investigating the respondents' degree of agreement or disagreement to a series of statements directly relating to information gathering, decision making and business performance. A Likert scale of one to five [1=disagree, 2=neutral, 3

agree], was used to capture the responses from the respondents regards to information gathering, decision marking and business performance with regards to market intelligence. The results are presented below

Table 4. 12. Factors relating to information gathering, decision making and business performance

Statement	Agree	Neutral	Disagree	N	Chi-square Value
we know our customers	75%	25%	0%	24	0.025*
we know our competitors	71%	29%	0%	24	0.027*
we know the strengths of our competitors	63%	33%	4%	24	.004*
We know the weaknesses of our competitors	67%	29%	4%	24	0.000*
we collect and analyses information about our competitors	62%	38%	0%	24	0.001*

our business has a formalised market intelligence department	62%	38%	0%	24	0.273
market intelligence helps our decision making	67%	33%	0%	24	0.061
market intelligence is directly related to our sales growth	38%	50%	12%	24	0.008*
we compete better with our rivals due to market research	38%	54%	8%	24	0.001*
Our business performed better before market intelligence	8%	71%	21%	24	0.000*
our business performance has not changed since we started doing market research	53%	38%	8%	24	0.155
Our business performance has greatly improved since we started doing market research	7%	40%	53%	24	0.014*

Source: spss output: significant differences (*chi-square*<0.05) at 95% confidence level

4.3.2. Whether businesses know their customers

Question 3.7.1 was aimed at finding out if the respondents kept track of their loyal customers. Some of the benefits a business derives from knowing its customers include; brand building, meeting the customers' expectation and repeat business. From the 24 participants who indicated that they use market intelligence, 75% of the respondents agreed that they knew who their customers were while 25% were neutral. This implies that only 75% of the respondents had some kind of data concerning customers. A chi-square test was conducted to identify if there is a significant difference between the responses. The results show a significant difference (*chi-square* <0.05) between those who and those who did not agree.

4.3.3 Whether businesses know their competitors

Question 3.7.2 was aimed at determining if the respondents could identify their competitors. a business needs to know its competitors because they will be able to determine their strengths and weaknesses which might lead to a niche market and better product offering. To this, 29% were neutral, 71% agreed as illustrated in table 4.12 above. This information suggests that a larger fraction (71%) of the participants are fully convinced had information about their competitors. This result also showed a significant difference between those who could identify their customers and those who couldn't (chi-square <0.05).

4.3.4. Whether businesses know the strengths of their competitors

The purpose of question 3.7.3 was to investigate if the respondents had information about the strengths of their competitors. This is indicative of the fact that apart from knowing the competition, Most of the businesses could recognize what strengths they posed, in terms of barriers to entry and distinctive strategies

From the results, 4% disagreed that didn't know the strengths of their competitors, 33% were neutral, 63% agreed that they knew the strengths of their competitors. However, from the chi-square test, the result was also significant at Chi-square value<0.05.

4.3.5. Whether businesses know the weaknesses of their competitors

The main aim of Question 3.7.4 was to investigate if SMMEs knew the weaknesses of their competitors. Knowing a competitor's weakness will enable a firm to communicate effectively to its target audience, improve its processes and distinguish its products. It also helps to improve a firm's strategy. From the table above, 4% disagreed, 29% were neutral and 67% agreed that they knew the weaknesses of their competitors as illustrated in table 4.12 above. The Chi-square test revealed a significant difference between the businesses that knew their competitors' weaknesses and those that didn't.

4.3.6. Whether businesses collect and analyses information about their competitors

Question 3.7.5 was aimed at determining if the respondents collected and analysed information about their competitors. This includes any other business activities of their competitors apart from their strengths and weaknesses. Analysing information about a competitor has been proven to be an important factor in determining market movements and

positioning which are important factors for a successful business. To this question, 38% were neutral, 62% agreed that they collected and analysed information about their competitors. A chi-square test also revealed a significant difference in responses (chi-square value <0.05) between those that collect and analyse information about their competitors and those that don't.

4.3.7. Whether the business has a formalised market intelligence department

Question 3.7.7 was intended to ascertain whether the respondents had a separate formalized market intelligence department. It is vital to note that a formalised market intelligence function has several benefits. These include a good understanding of the business environment and the customer needs and ensuring that a new product will not fail when introduced in the market. A market intelligence department will also be in charge of the collection and analysis of market trends and the creation of proactive strategies for the business. From table 4.12, 38% of the responses were neutral to this while 68% agreed that they have formalised markets intelligence departments. Although 68% and 38% either agreed or were neutral respectively, the chi-square results show an insignificant difference (Chi-square value >0.05) between the two responses.

4.3.8. Whether market intelligence helps in decision making

In another follow up question, the respondents were asked to indicate if the markets research that was conducted aided in decision making. From the responses in Table 4.12, a larger proportion, 67% of the respondents agreed and only 33% were neutral, that market intelligence helped in their decision making. This can be interpreted as only 67% of those who agree that they conduct market research use the information. While only 33% of the respondents that use market research were still not sure if market intelligence practices are part of their decision making process. A chi-square test also shows an insignificant (chi-square value >0.05) results between the two responses.

4.3.10 whether market intelligence is directly related to sales growth

The purpose of question 3.7.9 was to determine if market intelligence had any direct impact on sales. This is important because market research is very costly, and necessary to also determine to what extent does market research affects sales. From the data collected, only 38% of the respondents agreed about the relevance of market research to sales despite acknowledging the use of market intelligence in decision making while a larger proportion of

50% were neutral. Furthermore, a smaller proportion, 12% disagreed as can be seen in table 4.12 above. This reveals that most business could still not identify the benefits of using market intelligence in their day-to-day activities. The results show a significant difference in responses (chi-square value <0.05) between those who agreed, were neutral and disagree.

4.3.11 whether businesses compete better with rivals due to market research

The purpose of question 3.7.9 was to determine if market intelligence provides a competitive edge for businesses that make use of the practices. A competitive edge can be gained from targeting an appropriate audience and operating in the right environment. A smaller percentage of 38% of the respondents agreed while 54% were neutral and 8% disagreed. As previously alluded, the majority of the businesses that make use of market intelligence could not effectively utilise the principle appropriately to better compete with their rivals. A chi-square test was also conducted to investigate if there is a significant difference in responses. The results show a significant difference (chi-square value <0.05) between the responses.

4.3.12. Whether businesses performed better before they started implementing market intelligence

The aim of question 3.7.12 was to find out if the respondents could identify the benefits of using market intelligence by indicating if their performance had not changed since they started making use of market intelligence. From the results presented, 21% disagreed to this, 71% were neutral and only 8% agreed that their business performed better before they made use of market intelligence practices. A chi-square test (<0.05) revealed significant results between the responses.

4.3.13. Whether the businesses have not experienced a change in performance since they started doing market research.

With regards to if market intelligence positively affected the performance of the business, respondents were asked in question 3.7.11 to determine if their business performance has not changed since doing market research. From their responses, only 8% of the respondents disagreed with the statement. A larger proportion 53% agreed that market intelligence has not added any value to their businesses despite the benefits highlighted in the literature review and 38% of the respondents were neutral. From the results above, it is evident that

market intelligence application is still lagging in most businesses. The above mention results were significant at chi-square value <0.05 .

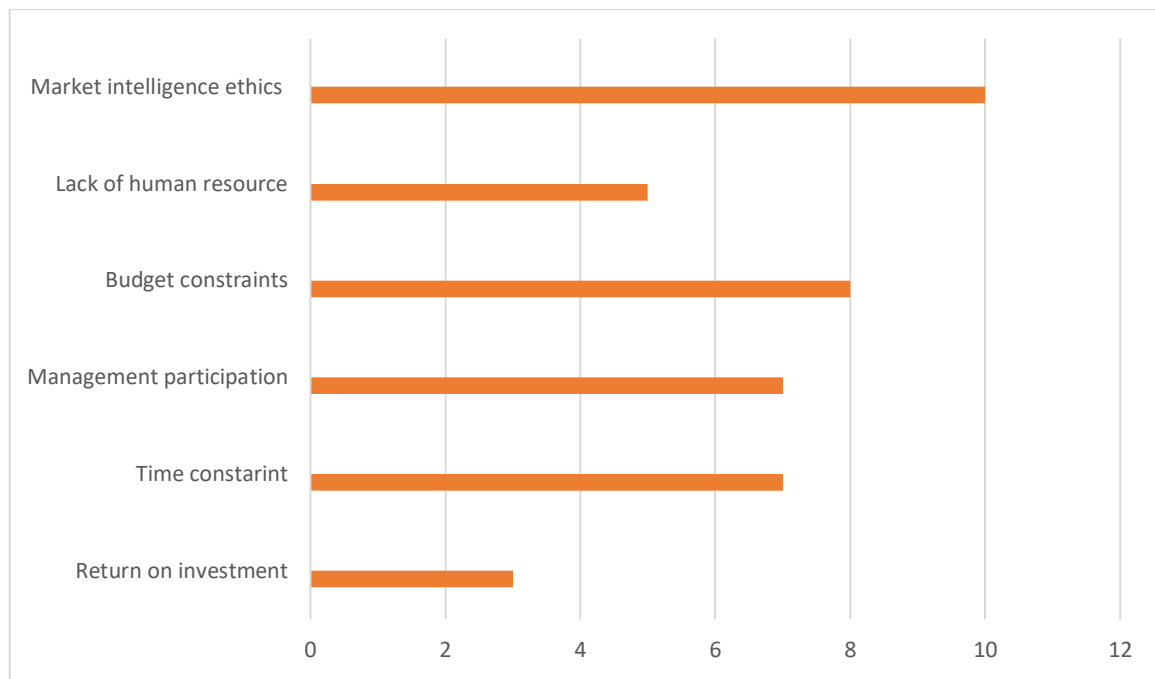
4.3.14. Whether the businesses have experienced an improvement in performance since they started market research.

Question 3.7.13 was asked to determine if the respondents had experienced a great increase in their business performance since they started using market intelligence. From table 4.12 above, only 7% agreed with the statement. A larger proportion of 40% was neutral while 53% disagreed. This response further strengthens the response in 4.3.13 in which most respondents indicated that their business performance has not changed ever since implementing the market research principles. This results also show a significant difference (chi-square value <0.05) between the respondents.

4.4. Challenges in carrying out market intelligence practices

Lastly, question 3.8 was all about the challenges the respondents experienced when doing market research. Most of the respondents pointed to market intelligence ethics and budget constraints as the main constraints they experienced when carrying out market intelligence. While others referred to management participation and time constraints as problems when dealing with market intelligence and the return gotten from investing in it was the least of all the constraints as can be seen in figure

Figure 4.4. Challenges of using market intelligence



Source: Author

4.4. Summary and conclusion

This study aims to investigate the market intelligence practices of SMMEs in the Cape Metropole. The results of this section present several indicators of market intelligence and how the sample SMMEs perceived each factor. From the data collected and analysed, the following conclusions can be drawn;

- With regards to whether SMMEs use market intelligence in their daily operations, most of the SMMEs (80%) indicated that they use market intelligence while only 20% indicated that they don't use market intelligence.
- In a follow-up question on those who conducted market research, 43% of the respondents who indicated that they use market intelligence cited the internet, newspapers and customers as sources of market information while 30% indicated suppliers and adverts as sources of market intelligence and 27% indicated industry and publication as sources.
- Despite the benefits of using market intelligence, only 30% of the respondents indicated that they use market intelligence for decision making and market share determination. 53% indicated that they use market intelligence for advertising and promotion while only 17% use market intelligence for SWOT analysis

- Surprisingly, 79% of the respondents could identify the relevance of market intelligence in their business while 21% couldn't.
- Regarding the factors that relate to information gathering 38% were neutral, 62% agreed that they collected and analysed information about their competitors. With regards to decision making a large proportion (67%) of the respondents agreed that they use market intelligence for decision making while only 33% were neutral that market intelligence helped in their decision making. Also, only 38% of the respondents agreed about the relevance of market research to sales improvement despite acknowledging the use of market intelligence in decision making while a larger proportion of 50% were neutral. A smaller percentage (38%) of the respondents agreed that their businesses competed better due to market intelligence while 54% were neutral and 8% disagreed. In addition, only 21% disagreed to the statement that their businesses performed better before they started implementing market intelligence while 71% were neutral and only 8% agreed. Of the 24 respondents, A larger proportion 53% agreed that market intelligence has not added any value to their businesses despite the benefits highlighted in the literature review and 38% of the respondents were neutral. Furthermore, only 7% of the respondents agreed that their business performance has greatly improved since they started doing market intelligence. A larger proportion 40% was neutral while 53% disagreed with the statement. Lastly, most of SMMEs indicated market intelligence ethics and budget constrains has the 2 main factors that prevent their businesses from carrying proper market intelligence practices.

CHAPTER 5

SUMMARY AND CONCLUSIONS

5.1. Introduction

The aim of this study was to find out how the use of market intelligence could improve the market performance of retail SMMEs in Cape Town. The study was inspired by paucity in research on how market intelligence can be used to improve the general performance of SMMEs in Cape Town, especially in the retail sector. To accomplish the aim above a questionnaire survey was conducted. This chapter is therefore aimed at summarising the main findings and draw conclusions on the usage of market intelligence by SMMEs with regards to the improvement of performance. Besides, this chapter will outline the contributions of this study, discuss its shortcomings and give suggestions for further research.

The chapter continues in section 5.2 with a conclusion on the objectives of the study and how they were addressed through the findings. 5.3 will be a discussion of the contribution made by the study. Section 5.4 will be highlighting the significance and recommendation of the study, and the last section 5.5 will be on the limitations of the study and suggestions for further research.

5.2. Summary and conclusion about the research objectives.

Objective 1: To understand the extent to which market intelligence is used by SMMEs

Section 3 of the questionnaire was structured to determine the degree to which market intelligence was understood and used by businesses as well as how they benefited from its use. According to the findings, 80% of the businesses indicated that they had been carrying out market intelligence for the most part of their existence as a business. It is safe to say that most of the SMMEs were aware of and made use of market intelligence therefore addressing the first sub-objective of the research. In line with the literature, market intelligence is being adopted by many businesses (Nenzhelele 2012).

Objective 2: To identify the implementation process of market intelligence

The second sub-objective of the research had to do with the implementation of market intelligence. The corresponding findings were that most of the businesses knew their competitors as well as their weaknesses. Many of the businesses indicated they had a formalised market intelligence department. Face to face meetings and emails prevailed as the most common methods used in presenting information gathered from market intelligence among other methods.

Also, the information obtained during market intelligence was mostly used for advertising, promotion and sales as well as for decision making purposes. With regards to challenges faced during the conduction of market intelligence, ethical and budgetary constraints were the ultimate challenges experienced.

Objective 3: To establish how the usage of market intelligence improves performance

As stated in chapter one, the third sub-objective of the research was to establish how the usage of market intelligence improves business performance. The findings from the primary data obtained revealed that although most businesses could determine the contributions made by market intelligence into their businesses, majority of these businesses could not determine if market intelligence had improved growth in sales. Most of the businesses agreed to the fact that market intelligence supports decision making but indicated that they have not experienced improvement in business performance since the use of market intelligence and could not determine if they competed better because of it.

Main objective: To investigate the market intelligence practices used in retail SMMEs in Cape Town.

The findings of this study reveal that there is a lack of marketing intelligence expertise amongst SMMEs and limited use to improve the performance of SMMEs. The findings also reveal that SMMEs are unable to translate the implementation marketing intelligence to increase in performance which can be explained by the high failure rate

5.6. Contribution significance and recommendations of the study

5.6.1. Contributions of the study

Firstly this study has made an important contribution to the existing market intelligence

literature. This is because it is the first study to investigate how the usage of market intelligence can improve market performance of retail SMMEs in Cape Town thereby expanding the body of knowledge. Before this study, there is very little research with regards to the usage of market intelligence and the direct outcome as a result of its usage on the general output or performance of a business. The findings of the study can also inform the managers of SMMEs on how best to incorporate market intelligence into business functions.

5.6.2. Significance of the findings of the study

The outcome of the study is substantially significant first to the Government. This is because the Government has undertaken the duty of promoting SMMEs through the establishment of different forms of support and initiatives to encourage and promote their survival. The findings of the study indicate how SMMEs manage the information gathered from market intelligence activities. This information could be of use to inform prospective actions of the Government when trying to be of help to SMMEs. This can, in turn, ensure that SMMEs in the country become well trained to take advantage of existing information or source the required information and making maximum use of it to better every aspect of the business.

Also, the findings of this study will be of great use to SMMEs decision-makers. The decision makers will be made aware of the need to pay close attention to market intelligence as a major key to long term survival. This may involve the need to adequately train staff members to intentionally source needed information and analyse it such that the business will benefit through improved competitiveness, decision making and all other functions even sales and expansion.

With regards to academics, the findings of the study may be of value to those who may want to do replication in other sectors, other geographical locations or in larger companies adopted by SMMEs and possibly lead to better interventions to improve these practices.

5.6.3. Recommendations of the study

Below are some recommendations based on the research findings:

- Primarily, SMMEs should be made cognisant through regular training and workshops on how to effectively implement market intelligence that will translate to better performance.

- SMME decision makers should also invest in optimised computer systems for improved information analysis for better decision making.
- The Government can also provide incentives for SMMEs to participate in incubation support programs to gain the relevant skills required to translate effective implementation of market intelligence to improve business performance and sales.

5.7. Limitations of the study

Even though the findings of this study offer valuable insights, the study has some shortcomings which are stated below;

- The findings of this study represents the opinions of SMMEs' decision makers (owner/managers) in Cape Town only and may not be the case in other regions of South Africa.
- The sample size of the survey which was a total of 30 SMMEs and the method of sampling used (convenient sampling) in the FMCG retail sector in Cape Town was very small due to time and financial constraints. This may not be a representation of what happens in all the FMCG retail SMMEs in Cape Town

Regardless of the limitations stated above, the results of the current study add meaningfully to the understanding of market intelligence. Consequently, the stated limitations have a lesser weighting when in comparison to the contribution made by the study.

5.8. Suggestions for further research

The limitations of the study provide an avenue for further research to be carried out on market intelligence. Listed below are some suggestions for further research.

- A similar study can be carried out on a much larger scale using bigger sample size in multiple regions.
- Further research can be carried out on developing a conceptual model on how to effectively implement market intelligence practices.

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APENDIX

Questionnaire

PART 1: PURPOSE OF THE SURVEY.

The purpose of this survey is to establish how the usage of market intelligence can improve market performance of retail SMMEs in Cape Town. The outcome of this research will increase the understanding of market intelligence and help businesses utilize information gathering effectively for better performance. Your business has been selected for participation in this research.

Please Note that all the information provided on this questionnaire will be treated with absolute confidentiality

It should take approximately 10 minutes to complete this questionnaire. Thank you in advance for taking out time to complete it. Should you experience any difficulties, please do not hesitate to contact me Yvette Anyongodi on **0718351126**, email **mandayvette@yahoo.com**

SECTION 2: ORGANISATIONAL INFORMATION.

For all the following questions mark only the appropriate block with an X

2.1. Form of business enterprise

Sole proprietorship	<input type="checkbox"/>	Partnership	<input type="checkbox"/>	Company	<input checked="" type="checkbox"/>
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2.2. Number of employees 9

2.3. Number of years in operation 3

2.4. Your position in the business

Owner		Manager	X
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2.5. Your highest educational level

Matric		Diploma		Degree	X	Masters		Other	
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SECTION 3: MARKET INTELLIGENCE

Please for the following sections, consider carefully and mark the appropriate block(s) with an X.

3.1. Do you carry out market research as a business?

Yes	X	No	
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If your answer above is yes, please proceed to the next question.

3.2. Which of the following are your sources of information during market research?

Customers X	Suppliers X	Academic s	Consultants	Industry publications and Reports	Newspapers X
Interviews and Surveys	Internet	Business associa tes X	Colleagues and subordinates	Advertising agencies	Other

3.3. For how long has your business been gathering information about the market? 2

3.4. Which of the following distribution methods are used to present market research results in your enterprise?

Briefs	Face to face meetings X	Written Reports X	E-mails
Daily flashes	Central database	Presentations	Other X

3.5. How is the information gathered from market research used by your enterprise?

Advertising X	Promotion and sales campaigns X	Market share determination X
SWOT/Competitor analysis	Decision making	Other

3.6. Are you able to determine the contribution market research makes to your business?

Yes	X	No	
-----	----------	----	--

3.7. Please indicate on a scale of 1 to 3 to what level you agree with the following statements about market information gathering, decision making and business performance. 1 equals disagree and 3 equals agree.

What challenges does your enterprise experience when practising market research? Please mark the appropriate box (es) with an **X**

Showing return on investment	Management participation	Lack of human resources
Lack of time X	Budgetary constraints	Market intelligence ethics X

THANK YOU